

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SAJ-01 NIC-01 CIAE-00 DODE-00

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SP-02 SS-15 ACDA-05 EB-07 /074 W

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R 130754Z FEB 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2676

INFO USIA WASHDC

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USDEL MBFR VIENNA

USMISSION GENEVA

C O N F I D E N T I A L BUDAPEST 0426

GENEVA FOR CSCE

E.O. 11652: GDS

TAGS: HU, PINT

SUBJ: UPCOMING XITH HSWP PARTY CONGRESS

SUMMARY: DURING WIDE-RANGING DISCUSSION ABOUT
XITH HSWP PARTY CONGRESS TO BE HELD IN BUDAPEST
FEBRUARY 17-21, AUTHORITATIVE INSIDER AND
INFLUENTIAL POLITICAL EDITOR OF HSWP DAILY
NEPSZABADSAG FORESHADOWED PRINCIPAL RESULTS
WHICH CAN BE EXPECTED FROM UPCOMING CONCLAVE.
WHILE NO SUDDEN, DRAMATIC OR RADICAL POLICY
CHANGES WILL OCCUR, THE CONGRESS WILL PLACE
PRINCIPAL EMPHASIS ON REESTABLISHING A MORE
FAVORED POSITION FOR THE INDUSTRIAL WORKING CLASS
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IN STANDARD OF LIVING SCALE, A CONTINUANCE OF

TIGHTENING PROCESS IN THE NEW ECONOMIC MECHANISM
IN FAVOR OF GREATER CENTRAL CONTROL, AND A
RENEWED EFFORT TO INCREASE MARXIST, IDEOLOGICAL
CONTENT IN DOMESTIC CULTURAL ACTIVITIES. A
NUMBER OF SENIOR PERSONNEL CHANGES ARE EXPECTED,
BUT FIRST SECRETARY KADAR IS CERTAIN TO REMAIN.
END SUMMARY.

1. DURING LUNCHEON DISCUSSION WITH PAO, HSWP DAILY
NEPSZABADSAG POLITICAL EDITOR FERENC VARNAI, A FULLY
AUTHORITATIVE INSIDER ON DOMESTIC POLITICAL DEVELOPMENTS,
DISCUSSED RATHER AMPLY RESULTS WHICH CAN BE EXPECTED
FROM UPCOMING XITH PARTY CONGRESS.

2. VARNAI EMPHASIZED THAT WHILE KADAR HIMSELF AND
HIS OVERALL POLICIES AND APPROACHES WILL REMAIN,
SIGNIFICANT DECISIONS AND POLICY CHANGES OR "CORRECTIONS"
AS HE CALLED THEM WILL OCCUR. STRESSING ON THE ONE
HAND THAT NO DRAMATIC, RAPID OR MAJOR SHIFTS CREATING
STRONG PUBLIC REACTION WILL TAKE PLACE, HE MADE CLEAR
NONETHELESS THAT HSWP CONSIDERS CHANGES TO BE ADOPTED
AS HIGHLY IMPORTANT OVER LONG RUN.

3. WAGES, SOCIAL BENEFITS, ACCESS TO HOUSING AND
LIVING CONDITIONS IN GENERAL WILL BE SIGNIFICANTLY
AND PREFERENTIALLY IMPROVED FOR THE INDUSTRIAL WORKING
CLASS VARNAI SAID. HE POINTED OUT THAT THERE WAS NO
INTENTION OF DOING THIS AT "EXPENSE" OF OTHER GROUPS,
BUT THAT PEASANTS' INCOMES HAD RISEN TOO RAPIDLY IN
COMPARISON AND THAT MANY "PROFITS" IN PRIVATE SECTOR
HAVE ALSO BEEN EXCESSIVE. 1973 MEASURES TO GIVE
PREFERENTIAL WAGE INCREASES TO INDUSTRIAL WORKERS WAS
ONLY FIRST STEP AND HAS NOT BEEN ENOUGH TO REESTABLISH
"PROPER INCOME BALANCE."

4. THE NEM WILL BE RETURNED TO ITS "ORIGINAL INTENT"
OF 1968. VARNAI EXPLAINED THAT INCENTIVES AND
DECENTRALIZATION WERE INTENDED AS SUPPLEMENTS TO
CENTRAL REGULATORS BUT THAT SYSTEM HAD BECOME
"DISTORTED AND ABUSED" AND THAT PARTY PERCEIVED
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DECENTRALIZATION AS HAVING BECOME DOMINANT FACTOR.
THIS WILL BE "RECTIFIED", CENTRAL REGULATORS WILL BE
RESTORED TO THEIR PREEMINENT IMPORTANCE, AND A
"BETTER BALANCE" ESTABLISHED IN LINE WITH THE ORIGINAL
INTENT OF PARTY POLICY WHEN IT DESIGNED NEM. VARNAI
ALSO SAID THAT CONTINUED HEAVY EMPHASIS WILL BE GIVEN
TO STRICT OVERSIGHT OF THE 50 LARGE ENTERPRISES
SELECTED FOR SPECIAL ATTENTION OVER PAST COUPLE OF YEARS.

5. ON CULTURAL POLICY VARNAI SAID THERE WOULD BE INCREASED EMPHASIS ON IMPLEMENTATIONS OF NEW POLICY OF GENERAL EDUCATION AND CULTURE, AND ON INCREASING MARXIST AND IDEOLOGICAL CONTENT IN MEDIA AND CULTURAL ACTIVITIES DESIGNED TO COMBAT REMNANT OF BOURGEOIS MENTALITY AND FOSTER STRENGTHENING OF SOCIALIST CONSCIOUSNESS.

6. VARNAI SAID THAT KADAR WOULD DEFINITELY REMAIN IN HIS POSITION BUT THAT A NUMBER OF HIGH-LEVEL PERSONNEL CHANGES COULD BE EXPECTED. HE REFUSED TO COMMENT ON SPECIFIC NAMES BUT STATED THAT DECISIONS ON CHANGES HAVE ALREADY BEEN MADE.
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